

TABLE OF CONTENTS

INTRODUCTION	1
SCOPE	1
EXECUTIVE SUMMARY	2
FINDINGS AND RECOMMENDATIONS - COMPLIANCE	
Daily Mail Record of Cash Receipts	2
Telephone Usage	2-3

INTRODUCTION

The Office of Internal Audit performed an audit of the Wayne County FIA Medbury District for the period October 1, 1997 through May 31, 1998. The objectives of our audit were to determine if internal controls in place at the district office provide reasonable assurance that departmental assets are safeguarded, transactions are properly recorded on a timely basis, and policies and procedures of the Michigan Family Independence Agency (FIA) are being followed. Medbury District had 116 full time equated positions (FTE's) at the time of our review. Medbury District provided assistance to an average 11,367 recipients per month during FY 1997, with total assistance payments of \$24,529,638 during that year.

SCOPE

Our audit was performed in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. We obtained descriptions of significant systems operating at the Medbury District, documented those systems, and evaluated controls in each system. We tested the systems for compliance, where feasible. We included the following systems:

Client Processing	CIS
Cash Disbursements	Cash Receipts
General Ledger	Accounts Receivable
Safe & Controlled Documents	IRS Information Security
Medical Transportation	Phone Usage
ENP/SER Payments	

EXECUTIVE SUMMARY

Based on our audit, we conclude that the Medbury District internal controls are generally adequate to provide management with reasonable assurance that assets are safeguarded and transactions are executed in accordance with management's authorization. We did, however, find two instances of noncompliance with FIA policies and procedures which are detailed below.

DISTRICT OFFICE RESPONSE

The Medbury District did not respond to our draft report.

FINDING AND RECOMMENDATION - COMPLIANCE

The following are areas where we found that the Medbury District was not operating in accordance with FIA policies and procedures that are described in manuals or instructional letters.

Daily Mail Record of Cash Receipts

1. Medbury District did not make a list for all moneys received for deposit into the Social Welfare Fund. Accounting Manual Item 431 states that the Daily Mail Record of Cash Receipts for Deposit (FIA-4729) should be used for this purpose. Preparing a list at the time the mail is opened helps ensure that moneys received in the mail are not lost or stolen prior to being recorded.

WE RECOMMEND that the Medbury District complete the Daily Mail Record of Cash Receipts for Deposit at the time mail is opened.

Telephone Usage

2. Medbury District did not monitor long distance telephone calls made by its employees.

We noted that in the month of April, 1998 there were 28 calls to San Diego, CA.. FIA Administrative Handbook Item 200.3 states that employees are prohibited from utilizing the State telephone system to place personal long distance telephone calls. It also states that it is the responsibility of each local/district office manager to monitor the telephone calls placed by their employees. Offices that do not receive detailed information of all outgoing calls by extension are required to keep a Telephone Log (FIA-1462).

WE RECOMMEND that the Medbury District monitor long distance telephone calls for propriety.